



State of Montana

Montana Lottery

Agency IT Plan

Fiscal Year 2012-2017

May 2012

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EXECUTIVE SUMMARY

The Montana Lottery was created by a vote of the people in 1986 and has grown to an organization with a staff of 31 people. Through fiscal year 2011, the Lottery generated over \$180 million in revenue for State programs as determined by the Legislature.

The Lottery offers two types of products – terminal games and scratch games. In addition, the Lottery, through an agreement with the Montana Board of Horse Racing, facilitates Fantasy Sports betting under the umbrella of Montana Sports Action (MSA). Since implementation of Fantasy Sports games, the Lottery's retail base has increased to more than 800 retailers, a 20 percent increase. In an economy where most other lottery jurisdictions have struggled to stabilize sales, game innovation and the expanded retailer base have led to an increase of more than five percent in Scratch sales and sustained online sales between fiscal year 2010 and 2011.

We have also introduced EZPLAY games to those retailers with a gaming license utilizing the new MP player activated terminals. Players can buy tickets for the various EZPLAY games without a retailer clerk. They can also purchase their favorite Fantasy games as well as any of our five lotto games. We now have over 170 MPs.

We have added the winStation terminals at many grocery stores such as Albertsons. These player activated terminals enable players to purchase tickets when the retailers' Customer Service desks are closed. Players can purchase tickets from a large variety of scratch products as well as the five lotto games. The Lottery has increased the approximate number of terminals, by type to: Coronis terminal (580); microLot terminal (215); WinStation (58); and MP (175) terminals over the past 3 years. The Lottery continues to actively recruit new retailers.

During 2014, the Lottery will again begin the request for proposal process for the Lottery On-line Operating System so that a contract will be in place when the present contract expires on 31 March 2016. Even though this is a major procurement action, it is not considered an EPP action because no funds will be requested from the Legislature. The contractor is paid a percentage of sales during the life of the contract for all services.

The integrity of the Lottery On-line Operating system is paramount. There are numerous checks and balances in the systems. One such system is the internal Control system; it is an independent system totally separated from the rest of the On-line system. It is used to verify, through an independent computation, total drawing sales and numbers of winners for each of our lotto games.

We have expanded the Player's Club by integrating scratch and lotto tickets with Player's Club rewards by use of a bonus barcode on most tickets. This allows players to register for second chance drawings when offered and chances to win small cash prizes. We are developing a new option where members can create an e-Playslip usable on their smart phones that can be scanned by the retailer terminals with no paper involved.

The Montana Lottery continues to keep software and hardware systems aligned with the needs of the users, State standards, available budget dollars and the latest technology.

SECTION 1: AGENCY ADMINISTRATIVE INFORMATION

Role: Plan Owner

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IT Inventory

The IT inventory database located at <http://mine.mt.gov/enterpriseitinventory> was updated on March 29, 2012. As required by MCA 2-17-524(3)(c) the plan will be updated by June 30th, 2012.

SECTION 2: AGENCY IT MISSION

Closely monitors the contractor who provides technology services for all Lottery operations including inventory, validation, accounting and the retailer network and terminals. In operating and maintaining the Lottery LAN, keep software and hardware systems aligned with the needs of the users, State standards, available budget dollars and the latest technology.

SECTION 3: AGENCY REQUIRED PROGRAMS

Information Security Management (ISM) Program General Description

In accordance with our contract information, security for the gaming system and Back Office data storage are the responsibility of our contractor INTRALOT. These systems are controlled and not connected to any outside network. The operational servers are located in restricted admittance facilities in Helena, MT (Primary) and Strongsville, Ohio (Backup). System access is only authorized by a cross functional approval process involving both INTRALOT and Lottery management. The system received and passed a third party assessment audit in 2011 and has been reviewed by the Montana Legislative IT Auditor's two times in the last four years.

Continuity of Operations (COOP) Capability Program General Description

The gaming system (GMS) for the Montana Lottery is maintained by our current vendor INTRALOT. This system was designed utilizing three server clusters which stores data on a continually basis. Two clusters are located in Helena, Montana and one is at our Disaster Recovery (DR) site in INTRALOT's Eastern regional operations center located in Strongsville, Ohio. All three clusters are under constant visual and logical monitoring from the INTRALOT Western regional operations center in Boise, Idaho. All systems and operational areas are supported by generators and uninterrupted power systems to provide backup electrical service. The network also utilizes satellite based communications network with multiple backups so interruption of State procured hard wired services is not a concern. Exposure to local environmental and geological risks is minimal since the entire communications network and GMS can be operated from one of three locations Helena, Montana, Boise, Idaho or Strongsville, Ohio.

SECTION 4: AGENCY IT PLAN – GOALS & OBJECTIVES

Goal Number 1:

IT Goal 1 Maximize State revenues and increase the number of retailers.

Description: The Lottery must continue to increase the number of retailers always including a more diverse mix of retailers. The Lottery must always strive to offer games that are attractive to our core base of players as well as offer games that attract different groups of users.

Benefits: The State of Montana will benefit from an increased amount of funds put into the General Fund. Our retailers will have increased sales and thereby increase their commissions. Players will benefit by being able to play more and different games. Retail locations will be more numerous which will be a greater convenience to the players.

<Which state strategic goal(s) and/or objective(s) does your goal address?> We help create jobs and a favorable business climate and at the same time improve government services.

Supporting Objective/Action

Objective 1-1 Increasing Revenue

We are always seeking ways to improve retailer sales. This is done by finding new retailers and/or increasing sales of present retailers by added displays, games or incentives.

As the retailer base expands, sales should increase thereby increasing revenues and the portion of those revenues that are transferred to the General Fund.

The risks are slight. A few retailers may not be able to sell what was expected of them.

This supporting objective supports increased sales and increasing the numbers of retailers to maximize State revenues and is an ongoing objective.

Describe the critical success factors associated with this objective; i.e., how will you know when it has been successfully completed?> This is a permanent and continuous action.

Goal Number 2:

IT Goal 2 Maintain Administrative Information Technology Systems within State of the Art Technology.

Description: We strive to operate and maintain a state of the art administrative LAN, but still keep within budget and State IT standards.

Benefits: The Lottery staff and the taxpayers of Montana benefit by having the Lottery utilize a cost effective, well maintained administrative network set by State IT standards.

By providing the Lottery staff with state of the art technology to better perform their jobs while maintaining State standards published by SITSD and keeping within budget guidelines.

Supporting Objective/Action

Objective 2-1 Provide Lottery employees with state of the art personal computers and fast and efficient connection to the State LAN and to the Lottery on-line operating system.

PCs have a 5 year life cycle and must be replaced. We will replace approximately 20% of the administrative PCs every year and the administrative server once every 5 or 6 years.

Lottery employees will utilize state of the art hardware and software and are able to use every tool available to perform their jobs in an effective and efficient manner.

Describe the anticipated risks associated with this objective. (e.g., risks associated with inaction or not completing this objective; risks associated with completing this objective). Because of the small numbers of PCs to be purchased every year, not having the necessary funding for the replacement PCs is a slight risk.

What is the timeframe for completion of this objective? This is an annual objective and should be completed by the end of each fiscal year.

Describe the critical success factors associated with this objective; i.e., how will you know when it has been successfully completed?> N/A

SECTION 5: IT INITIATIVES (FY2012 – FY 2017)

Initiative 1 Replace the current contractor responsible for the Lottery on-line operating system.

Description: The current contract for operating and maintaining the Lottery Operating System will expire in March 2016. This system includes the accounting, validation, scratch ticket inventory, distribution, and the paying of winners of scratch tickets and the generation, validation, accounting of the terminal generated lotto games. The contract also includes all hardware, software and communications connecting the more than 800 retailers across the state. The Lottery must start the request for proposal process by mid 2014. This project does not require any funding from the State Legislature. The contractor is paid a percentage of each ticket sale.

EPP Number (if applicable)

N/A

SECTION 6: ENTERPRISE ALIGNMENT

Communities of Interest Participation

- ☐ Government Services
- ☒ Public Safety
- ☐ Human Resources
- ☐ Environmental
- ☐ Education
- ☐ Economic
- ☐ Cultural Affairs
- ☐ Finance

Public Safety – the Lottery cooperates with law enforcement posting Amber Alert messages on our retailer terminals, state wide.

SECTION 7: PLANNED AGENCY IT EXPENDITURES

<u>Expense Category</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
Personal Services	218,411	218,411	220,000	220,000	220,000	220,000
Operating Expenses	204,346	204,346	205,000	205,000	205,000	205,000
Initiatives	0	0	0	0	0	0
Other expenditures*	2,810,000	2,810,000	2,900,000	2,900,000	2,900,000	2,900,000
Totals	3,232,757	3,232,757	3,325,000	3,325,000	3,325,000	3,325,000

SECTION 8: ADDITIONAL INFORMATION - OPTIONAL

Other types of information that support the agency's IT Plan. Some examples might include other COI participation, reference to other IT plans such as GIS plan, eGovernment plan, security plan, staffing issues and constraints, etc.